

TRANSCRIPT PREPARED BY THE CLERK OF THE LEGISLATURE
Transcriber's Office
FLOOR DEBATE

January 31, 2003 LB 168

political subdivisions on purchases made in Nebraska. Note that the revenue will be lost anyway because these states and their political subdivisions won't make the purchases here anyway. So the impact would be, political subdivisions that levy a sales tax will have reduced revenue in the amount of \$27,000 annually. Political subdivisions will have an expenditure reduction because they will not pay the sales tax. The estimated reduction in the expense is the same as the estimate in the reduction in the state's revenue. So, you see, it's kind of a wash is what it is, and the reason for that, there are machinery companies along the border of Iowa and South Dakota that would love to do business with Iowa subdivisions but they can't because we charge them a sales tax. So, therefore, what we're worried about is the fact that some of these companies would set up a satellite over in the other states so that they could comply with their laws which says that they do not charge a sales tax. So we would be losing the income from some of those places also. So to me, it's a quite simple matter in the fact that either you do or you don't because of the fact that you're going to lose the revenues, political subdivisions are going to have to pay extra tax dollars for that sales tax, in return lower their revenues, and it becomes a wash then. So I think this is a very interesting bill. I think the members of the committee understood it very well. So with that I ask for your passage of this legislation and would try to answer any questions. Thank you.

SPEAKER BROMM: Thank you, Senator Janssen. You've heard the opening. Senator Redfield.

SENATOR REDFIELD: Thank you, Mr. Lieutenant Governor (sic), members of the body, you will note on the committee statement that I was the member of the Revenue Committee that voted negative on this proposal. This is not a new proposal. It has come before the committee before and, in fact, I have not stood alone before. I have had company on the negative side of the equation. However, the committee did see fit to put this out. I will bring to your attention the fact that there is a remedy, in fact, for Nebraska businesses who want to do business with, for instance, an Iowa public entity. If they deliver the product to Iowa, then the tax rate is as calculated in Iowa,